

# ROBINSON COTTON MILLS LIMITED



## *Forty-Third Annual Report*

Year ended December Thirty-First

*1966*



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# ROBINSON COTTON MILLS LIMITED

TO THE SHAREHOLDERS:

The Directors present herewith the 43rd Annual Report of your Company and the Balance Sheet and related Statements of Income and Deficit for the fiscal year ended December 31, 1966.

Your attention is directed to the Auditor's Report and to the various notes accompanying the Balance Sheet.

As heretofore indicated, the activities of C. & T. Investments (Bahamas) Limited in causing your Company to purchase all the alleged issued shares of Pinnacle Homes (Chateaugay) Ltd., a New York corporation at a price of \$580,000.00 in cash, resulted, in the opinion of your Directors, in a serious loss to your Company since the value of this investment was substantially misrepresented. In December of 1966 your Company's bank demanded repayment of the loan of \$350,000.00 from the Company and from the guarantors, C. & T. Investments (Bahamas) Limited and W. W. Robinson. In view of the fact that C. & T. Investments (Bahamas) Limited did not fulfil its obligation as guarantor, in January 1967, W. W. Robinson fulfilled his obligation as guarantor and repaid the loan, thereby taking over the position of the bank and the securities which it held.

In April 1967 your Company and W. W. Robinson commenced an action in The Supreme Court of Ontario claiming, among other things, for rescision of the transaction concerning the purchase by your Company of the alleged shares of Pinnacle Homes (Chateaugay) Ltd., recovery of the purchase moneys of \$580,000.00, and damages. In the spring of 1966, C. & T. Investments (Bahamas) Limited, under the contractual obligations it entered into when it purported to acquire a substantial majority of the issued common shares of your Company, became liable to pay a further 75 cents per common share to those shareholders who sold some of their common shares. These moneys were not paid and therefore in April 1967, W. W. Robinson and W. H. Robinson, on behalf of themselves and all the other original selling shareholders of your Company, commenced an action in The Supreme Court of Ontario against C. & T. Investments (Bahamas) Limited for recovery of the aforementioned moneys owing by it amounting in all to \$84,909.40.

The aforementioned two actions are now pending and you will be advised as to progress from time to time.

While full allowable depreciation has been taken on motor vehicles you will observe that by note 1, again no depreciation has been provided for on mill buildings. The reason for this is that the replacement value of these assets is far in excess of the book value shown in the Balance Sheet.

During the last fiscal year your Directors succeeded in renting further space in the Mill Buildings at Woodbridge, Ontario, and you will note that the year's operations resulted in net income of \$19,094.00, which is a substantial improvement over the loss incurred in the previous fiscal year.

Extensive repairs were made to the older portions of the mill buildings to make them more presentable for leasing. At the present time sufficient space is leased to provide enough revenue for carrying charges and it is hoped that building repairs made will help in endeavouring to lease the remaining area available.

Your Directors wish to express their appreciation to the Management and Employees for their co-operation during the year.

On Behalf of the Board

W. H. ROBINSON

*President and Managing Director*

May 4, 1967



# ROBINSON COTTON MILLS LIMITED

Incorporated under the laws of the Province of Ontario

Balance Sheet

December 31, 1966

(with comparative figures for 1965)

| ASSETS                                                             |  | 1966             | 1965             |
|--------------------------------------------------------------------|--|------------------|------------------|
| CURRENT ASSETS:                                                    |  |                  |                  |
| Cash                                                               |  | \$ 33,547        | \$ 38,774        |
| Accounts receivable:                                               |  |                  |                  |
| Services                                                           |  | 27,008           | 22,661           |
| Other                                                              |  | 2,198            | 750              |
| Prepaid expenses                                                   |  | 6,047            | 3,916            |
|                                                                    |  | <u>68,800</u>    | <u>66,101</u>    |
| INVESTMENT IN PINACLE HOMES (CHATEAUGAY) LTD.,<br>at nominal value |  | 1                | 1                |
| FIXED ASSETS AT COST (note 1):                                     |  |                  |                  |
| Land                                                               |  | 18,874           | 18,874           |
| Buildings                                                          |  | 785,206          | 785,206          |
| Equipment                                                          |  | 91,940           | 91,940           |
| Trucks                                                             |  | 11,638           | 11,638           |
|                                                                    |  | <u>907,658</u>   | <u>907,658</u>   |
| Less accumulated depreciation                                      |  | 573,867          | 573,459          |
|                                                                    |  | <u>333,791</u>   | <u>334,199</u>   |
|                                                                    |  | <u>\$402,592</u> | <u>\$400,301</u> |

The accompanying notes are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

W. W. ROBINSON, Director

*This is the balance sheet referred to in our report of the audit of the financial statements of Robinson Cotton Mills Limited for the year ended December 31, 1966, and should be read in conjunction with that report.*

AUDITOR'S REPORT

To the Shareholders of  
ROBINSON COTTON MILLS LIMITED

We have examined the balance sheet of Robinson Cotton Mills Limited as at December 31, 1965 to December 31, 1966. Our examination included a general review of the supporting evidence as we considered necessary in the circumstances.

Subject to the omission of depreciation indicated in note 1, we report that the financial position of the company as at December 31, 1966 and the results of its operations for the year ended December 31, 1966 are applied on a basis consistent with that of the preceding year.

Toronto, Canada  
January 18, 1967

# OTTON MILLS

ITED

the laws of Ontario

## e Sheet

31, 1966

as at December 12, 1965)

|                                                                                          | LIABILITIES | 1966             | 1965             |
|------------------------------------------------------------------------------------------|-------------|------------------|------------------|
| CURRENT LIABILITIES:                                                                     |             |                  |                  |
| Bank loan (note 2).....                                                                  |             | \$350,000        | \$376,000        |
| Loan from shareholder (note 3).....                                                      |             | 20,000           | 20,000           |
| Accounts payable and accrued liabilities.....                                            |             | 39,921           | 30,724           |
| Total liabilities.....                                                                   |             | <u>409,921</u>   | <u>426,724</u>   |
| CAPITAL STOCK AND DEFICIT                                                                |             |                  |                  |
| CAPITAL STOCK:                                                                           |             |                  |                  |
| Authorized:                                                                              |             |                  |                  |
| 140,000 3% non-cumulative preference shares, redeemable<br>at par value of \$5 per share |             |                  |                  |
| 300,000 common shares of no par value                                                    |             |                  |                  |
| Issued:                                                                                  |             |                  |                  |
| 150,000 common shares.....                                                               |             | 292,000          | 292,000          |
| Deficit.....                                                                             |             | <u>299,329</u>   | <u>318,423</u>   |
| EXCESS OF DEFICIT OVER CAPITAL STOCK                                                     |             | <u>( 7,329)</u>  | <u>( 26,423)</u> |
|                                                                                          |             |                  |                  |
|                                                                                          |             | <u>\$402,592</u> | <u>\$400,301</u> |

integral part of this statement

ALF OF THE BOARD

W. H. ROBINSON *Director*

ort to the shareholders dated January 18, 1967,  
conjunction therewith.

## ' REPORT

t December 31, 1966 and the statements of income and deficit for the period from  
y of the accounting procedures and such tests of accounting records and other sup-

n our opinion the aforementioned financial statements present fairly the financial  
ne period then ended, in accordance with generally accepted accounting principles

THORNE, MULHOLLAND, HOWSON & McPHERSON  
Chartered Accountants



# ROBINSON COTTON MILLS LIMITED

## STATEMENT OF INCOME

Period from December 13, 1965 to December 31, 1966  
(with comparative figures for the year ended December 12, 1965)

|                                                                                             | 1966                    | 1965                     |
|---------------------------------------------------------------------------------------------|-------------------------|--------------------------|
| Revenue from mill .....                                                                     | <u>\$377,141</u>        | <u>\$295,541</u>         |
| EXPENSES:                                                                                   |                         |                          |
| Depreciation, trucks and equipment.....                                                     | 408                     | 578                      |
| Expenses re acquisition and evaluation of investment in<br>Pinnacle Homes (Chateaugay) Ltd: |                         |                          |
| Bank interest .....                                                                         | 22,560                  | 21,494                   |
| Other.....                                                                                  | 10,500                  | 21,910                   |
| Other expenses.....                                                                         | <u>328,928</u>          | <u>262,680</u>           |
|                                                                                             | 362,396                 | 306,662                  |
| Income (loss) before undernoted item .....                                                  | 14,745                  | (11,121)                 |
| Interest earned.....                                                                        | <u>4,349</u>            | <u>3,013</u>             |
| NET INCOME (LOSS) FOR PERIOD (note 4).....                                                  | <u><u>\$ 19,094</u></u> | <u><u>\$ (8,108)</u></u> |

## STATEMENT OF DEFICIT

Period from December 13, 1965 to December 31, 1966

|                                           |                         |
|-------------------------------------------|-------------------------|
| Deficit at beginning of period.....       | 318,423                 |
| <i>Deduct</i> net income for period ..... | <u>19,094</u>           |
| DEFICIT AT END OF PERIOD.....             | <u><u>\$299,329</u></u> |

# ROBINSON COTTON MILLS LIMITED

## NOTES TO FINANCIAL STATEMENTS

Period from December 13, 1965 to December 31, 1966

1. Since 1960 no depreciation has been provided on the mill building. Normal depreciation would have been as follows:

|                   |                 |
|-------------------|-----------------|
| 1966 .....        | \$12,145        |
| 1965 .....        | 12,784          |
| Prior years ..... | 58,229          |
|                   | <u>\$83,158</u> |

2. By reason of a demand made by Canadian Imperial Bank of Commerce W. W. Robinson, one of the guarantors of the bank loan made in November, 1964, has subsequent to the balance sheet date, in fulfilment of his guarantee, paid to such bank the amount of its loan to the company of \$350,000, and has thereby taken over the position of such bank and the securities for the loan held by such bank.

3. Liability in respect of, and repayment of, the loan from C. & T. Investments (Bahamas) Limited of \$20,000 is disputed by the directors.

4. No provision for income taxes is required as a result of the application of previous years' losses against income of the current period.

5. There is a balance to the credit of the company of \$62,885 with Sun Life Assurance Company of Canada which is not included among the assets in the accompanying balance sheet. This balance has arisen through withdrawals from the company's pension plan and may be utilized by the application of premiums due. The extent to which it is otherwise recoverable has yet to be determined.



# ROBINSON COTTON MILLS LIMITED

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ANNUAL REPORT  
for the  
Year ended December 31, 1966

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## BOARD OF DIRECTORS

W. W. ROBINSON  
F. SLATER

W. H. ROBINSON  
W. W. BURKART

## OFFICERS

|                       |   |   |   |   |   |   |   |   |   |   |                                        |
|-----------------------|---|---|---|---|---|---|---|---|---|---|----------------------------------------|
| W. W. ROBINSON        | - | - | - | - | - | - | - | - | - | - | <i>Chairman</i>                        |
| W. H. ROBINSON        | - | - | - | - | - |   |   |   |   |   | <i>President and Managing Director</i> |
| W. W. BURKART         | - | - | - | - | - | - | - | - | - | - | <i>Vice-President</i>                  |
| JOHN F. PERRETT, Q.C. | - | - | - | - | - | - | - | - | - | - | <i>Secretary</i>                       |

## BANKERS

THE CANADIAN IMPERIAL BANK OF COMMERCE

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## TRANSFER AGENTS AND REGISTRARS

NATIONAL TRUST COMPANY LIMITED

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## AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

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## SOLICITORS

ROBERTSON, LANE, PERRETT, FRANKISH AND ESTEY